



**Commonwealth of Massachusetts  
Health Care Quality and Cost Council  
Two Boylston Street, 5<sup>th</sup> floor  
Boston, MA 02116**

**DEVAL L. PATRICK**  
Governor

**TIMOTHY P. MURRAY**  
Lieutenant Governor

**617-988-3360 • Fax 617-727-7662 • TTY 617-988-3175**  
**[www.mass.gov/healthcare](http://www.mass.gov/healthcare)**

**JUDYANN BIGBY, M.D.**  
Chair

**KATHARINE LONDON**  
Executive Director

March 26, 2008

The Honorable Robert A. DeLeo, Chairman  
House Ways and Means Committee  
State House, Room 243  
Boston, MA 02133

Dear Representative DeLeo:

I am writing on behalf of the Massachusetts Health Care Quality and Cost Council (HCQCC), to submit and explain the Council's Fiscal 2009 budget request. The Council respectfully requests a base budget of \$2,373,961 in FY 2009 to meet its statutory mandates under Chapter 58 of the Acts of 2006. The Council would require additional funds to pursue more concentrated and systemic cost containment strategies. Members of the Council and I would greatly appreciate an opportunity to meet with you and your staff to discuss this work and the funding required.

The Council's FY 2009 base budget request would support its work to launch a consumer friendly health information cost and quality website and to implement strategies that are intended to lower or contain the growth in health care costs while improving the quality of care, including reductions in racial and ethnic health disparities.

The Council will require substantially more funding in order to pursue more extensive strategies for reducing health care costs statewide, including additional strategies identified by the Council, as well as the strategies proposed by Senate President Murray in Senate Bill 2526.

*FY 2008 Accomplishments*

The Council has made exceptional progress this year on its mandated tasks, as noted in the attached summary of HCQCC accomplishments, and has laid the groundwork for further progress in FY 2009. The Council will launch a **consumer friendly health care quality and cost information website** later this spring. The Council has invested considerable time, effort and resources to develop a website that presents this complex data in a format that is understandable, useful and relevant to the average consumer, while ensuring the accuracy and validity of the data. The Council has collected claims data from third party payers to calculate quality and cost measures for display on its website. The aim is that this detailed information will encourage health care providers to provide higher quality, lower cost care, and help consumers select higher quality, lower cost health care providers.

The Council has adopted six **health care quality improvement goals** that are intended to lower or contain the growth in health care costs while improving the quality of care, including reductions in racial and ethnic health disparities. For each such goal, the council identified the steps needed to achieve the goal; where possible, estimated the cost of implementation and the anticipated short-term or long-term financial savings achievable to the health care industry and the commonwealth; and estimated the expected improvements in the health status of health care consumers in the commonwealth. The Council's recommendations are attached for your review.

The Council accomplished these tasks with a very small staff and a heavy reliance on Councilors, their staffs, and volunteer efforts of various stakeholders. This situation is not sustainable.

#### *FY 2009 Request*

The Council's original FY 2009 budget request of \$2,373,961, which it approved in August 2007, would expand its staff; fund the ongoing collection, storage and analysis of quality and cost data; assure the maintenance and marketing of its website; and provide basic support to the Council's policy development efforts. As the Council continued its work over the last 7 months, the Council and others have identified additional strategies to achieve its goals, the pursuit of which will require increased funding.

In January 2008, the Council adopted a set of strategies aimed specifically at reducing the costs of health care in Massachusetts. These strategies include the development of a Global Health Care Cost Indicator, a standard measure of total annual Massachusetts health care spending. The adopted strategies also include an analysis of the relative drivers of health care costs, including, but not limited to, the effects of (1) supply of and demand for services, as well as utilization trends, (2) concentration of provider market power by geographic region and medical service, (3) concentration of insurer market power, (4) quality of care and avoidable medical errors, (5) avoidable administrative costs, (6) payment systems, (7) overuse and inappropriate use of medical technology, pharmaceuticals, and medical devices. The Council will use the results of these and other analyses, as well as advice from experts in the field, to develop legislative and regulatory recommendations aimed at controlling costs and supporting a high quality care management system.

In addition, Senate President Murray's cost containment bill contains a number of provisions that would dramatically expand the responsibilities of the Council. In particular, the bill would require the Council: to conduct and report the findings of annual hearings to examine drivers of health care costs and health care providers' strategies to contain these costs; to pursue reform of health care purchasing; to develop goals for adoption of health information technology; and to identify "never events" for which health care providers may not bill and third party payers may not pay.

To pursue these more resource-intensive strategies to control health care costs statewide, the Council will require considerably more funds. At its March 19, 2008 meeting, the Council voted to support its original request of \$2,373,961 and also to review with you the considerable

additional funds that will be necessary to comprehensively assess and effectively implement strategies for substantially reducing health care costs.

The Council is committed to coordinating with state agency staff to assure there is no duplication of efforts. The Council also recognizes, however, that it cannot rely on the resources of other agencies to take on additional tasks without additional funding for this work.

Health care expenditures in Massachusetts now exceed \$62.1 billion annually. Without immediate effective cost control measures, these expenditures will continue to grow exponentially and to threaten the fiscal health of the Commonwealth, employers and consumers. We look forward to aligning our priorities with yours in order to address this problem.

The Council is ideally constituted to effectively address these issues, if it has access to sufficient resources. I will contact your office shortly to follow up on this letter and to discuss with you an appropriate funding level for the Council.

Thank you very much for your consideration and for your ongoing support of the work of the Health Care Quality and Cost Council.

Sincerely,

Katharine London  
Executive Director